17 July 2020

Global Markets Research

Mid-day Currency Outlook

USD/MYR

Source: Bloomberg, HLBB Global Markets Research

Intraday Thoughts – MYR Neutral to slightly bearish

USD/MYR opened little changed at 4.2703 and briefly spiked to a high of 4.2725 before easing off to around 4.2700. Our neutral outlook for USD/MYR is at risk today following a retreat in risk sentiment overnight. This is still in line with our expectation that the pair could potentially swing between small gains and losses in response to volatile sentiment. Daily outlook is slightly bullish as the pair is likely to open higher and investors are prone to sell MYR on Friday ahead of the weekend, but shouldn't divert away from the comfortable range of 4.25- 4.29.

1-Month Outlook – MYR Neutral

No change to our neutral outlook on USDMYR, expecting intermittent USD strength as markets would likely stay cautious and risk averse amid on and off concern over the virus. That said, there is no change to our long held view of a slightly weaker USD throughout 2020. Potential re-escalation of US-China strained ties may give rise to stronger USD and thus pose a downside risk to the local unit. Dovish monetary policy outlook would also keep a lid on MYR advances although we believe USD movement will remain the major influence.

	S2	S1	Indicative	R1	R2
USD/MYR	4.2500	4.2625	4.2710	4.2760	4.2825

MYR Crosses

EUR/MYR

EUR/MYR Neutral

EUR/MYR opened little changed at 4.8610, struggling to find a decisive direction after a shift in sentiment. The ECB had offered very little surprise in the prior day and today's movement is very much dollar driven. Expect pair to range 4.85-4.87 in the short term.

	S2	S1	Indicative	R1	R2
EUR/MYR	4.8238	4.8432	4.8616	4.8734	4.8768

GBP/MYR

GBP/MYR Neutral

GBP/MYR opened little changed at 5.3608 and has moved up slightly higher with no particular driver in play. In the short-to-medium term, pair is still vulnerable to weaker fundamentals, pandemic concerns and the absence of any major Brexit breakthrough.

	S2	S1	Indicative	R1	R2
GBP/MYR	5.3326	5.3485	5.3661	5.3979	5.4200

AUD/MYR

AUD/MYR Neutral

AUD/MYR opened 0.14% lower at 2.9780 but managed to rebound to yesterday's closing level. Pair is likely to range bound at current ranges subject to risk aversion as dollar makes a comeback. We maintain view that 3.00 will be a great resistance to overcome. Some consolidation back to 2.85-2.90 is still possible in the short-to-medium term.

	S2	S1	Indicative	R1	R2
AUD/MYR	2.9560	2.9737	2.9831	2.9900	3.0000

Source: Bloomberg, HLBB Global Markets Research

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